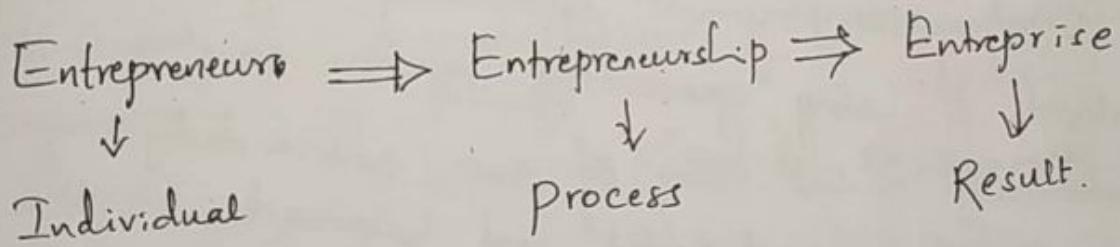


Entrepreneurship

An individual who always search for a change, respond to it and exploit as an opportunity is called entrepreneur.

The process of starting an enterprise is called entrepreneurship.

The result obtained from entrepreneurship is called Enterprise.



An entrepreneur act as a economic agent for the development of any country. He is a initiator and innovator, having Skill, Spirit and drive to bring changes in the Society, Creates opportunity & Convert it ^{into} economic profit.

The entrepreneur is the word which is derived from french word "entreprendre" that means to undertake. Undertaking of any kind of risk for economical & social changes.

Importance of Entrepreneurship :-

Entrepreneurs are the seeds of industrial development. The fruits of industrial development are Creating employment opportunity, higher Standard of living, generating revenue to the government in the form of tax, excise duty, export duties, import duties and balanced regional development.

Characteristics of entrepreneur:-

- 1) Action oriented, highly motivated and ready to take risk at all levels.
- 2) Should have unwavering determination & commitment.
- 3) Creativeness & hard working, result oriented.
- 4) Accepts responsibilities with enthusiasm.
- 5) Self confident, dedicated, and self disciplined.

Functions of entrepreneur :-

Entrepreneur performs all the necessary functions which are related to the establishing the enterprise & developing the enterprise.

Functions are classified in to the following three types.

- 1) Primary Functions
- 2) Other Functions
- 3) Functions related to developing Country.

Primary Function	Other Function	Functions related to developing Country
1) Planning	1) Diversification of products	1) Managing Scarce resource.
2) Organizing	2) Expansion of Branches	2) Engineering
3) Staffing	3) Maintaining cordial relationship between employer & employee.	3) Dealing with public
4) Directing	4) Talking labour problem	4) Marketing
5) Controlling	5) Coordination with outside agencies.	5) parallel opportunities.
6) Innovation		6) New product development.
7) Risk Taking		7) Customer relation.
8) Initiation		

Primary Functions:-

These all functions are necessary to start & run the enterprise. Innovations and risk taking capacity functions are very much necessary.

Other functions:-

These functions includes the diversification of products, which consist change of products manufacturing, expansion of branches from one place to other place, maintaining good relation with employees and agencies.

Developing Countries:-

As a entrepreneur he should think of resource utilizations, which leads to effective use and saving of materials. He should consider the environment, it should not affect the public living in the country.

Types of Entrepreneur:-

Entrepreneurs are classified into following types.

i) According to type of business

 i) Business entrepreneurs:

 ii) Trading entrepreneurs

 iii) Industrial

 iv) Agricultural

 v) Service

2) According to the use of technology :-

- i) Technical
- ii) Non Technical
- iii) Professional.

3) According to Motivation :-

- i) Pure entrepreneur
- ii) Induced "
- iii) Motivated "

4) According to the stages of development :-

- i) First generation
- ii) Modern "
- iii) Classical "

5) According to the area

- i) Urban entrepreneur
- ii) Rural "

6) According to the age and gender :-

- i) Young entrepreneurs
- ii) Old "
- iii) Male "
- iv) Female "

7) According to Scale of operation :-

- i) Small Scale Entrepreneur
- ii) Medium "
- iii) Large "

8) Other type:-

i) Innovative Entrepreneur → New product or ^{new} methods.

ii) Imitative 4 → for underdeveloped nation

iii) Fabian 4 → who are very lazy & shy
~~Resistant to change~~

iv) Driven 4 → (Ovida & vulcan)

 4 → Lazy (Nokia)

Resistant to change.

Who are not able to take risk.

i) Business Entrepreneur:-

Are those entrepreneurs who innovate new things in the product or market & start their business.

ii) Trading Entrepreneur:-

These entrepreneurs are involved only in trading not in the production or marketing. Buying at certain price and selling it to some other price.

iii) Industrial entrepreneur:-

This type of entrepreneurs look for production of new material as Society or public demands.

V) Agriculture entrepreneur:- are those entrepreneur who deals with raising or growing crops, fertilizers farming etc.

VI) Service entrepreneur: These entrepreneur will be engaging in giving service to the customer rather than production.

VII) Technical :- Entrepreneur who use technology in his production or service is called technical entrepreneur.

VIII) Non Technical: The one who do not use technology for his business or work is called as non technical entrepreneur.

IX) Professional:- These entrepreneur set up the enterprise, do everything for establishing the organization afterwards they sell it to others and they get busy in some other enterprise establishment.

X) Pure Entrepreneur:-
pure entrepreneur is one who motivated psychologically & not by economic reward.

IX) Induced entrepreneur :-

These entrepreneurs get motivated to start enterprise due to the facility given by govt, concession, finance facility etc.

This is called forced motivation:

X) Motivated Entrepreneur :-

Due to his own desire & dream they get motivated to start enterprise

XI) First Generation, Second Generation & Third Generation:-

The one who starts business first in the family or in that era is called first generation entrepreneurs.

The one who continues that entrepreneurship is called & second and third generation entrepreneurs.

Other entrepreneurs types are self-explanatory just by observing the names you can describe the types hence not explained in this notes.

Evolution of Entrepreneurship

Entrepreneurship is old as man, from ancient days this entrepreneurship is existing. Evolution of entrepreneurship is as follows.

1) Early Stage (12-14th century).

In this stage merchant (Marco Polo) has made contract with Capitalist to sell the products to far east so profit is shared between the two. Capitalist is finance risk taker and merchant who has taken all physical risk.

2) Middle Stage (15-16th century).

In this era the term entrepreneur is referred to as the person who manage large projects.

3) Seventeenth Century :- (17th century).

In this century agreement took place between person (entrepreneur) & government. Entrepreneur has to give tax to the government in order to provide goods or service. Hence irrespective of profit or loss entrepreneur has to pay to the government so he was operating at loss.

4) 18th & 19th Century :-

In this era Industry revolution took place & here ~~the~~ Capitalist (the one who give finance) differentiated from the entrepreneur (who seek finance).

5) 20th Century :-

In this century entrepreneurs are classified based on the economic investment.

Stages in the entrepreneurial process :-

The Various steps has to be followed before starting any enterprises which are listed as follows.

- 1) Identification of opportunity
- 2) Evaluation of opportunity
- 3) Developing business plan
- 4) Determination & organizing the resources.
- 5) Management of Enterprise.

1) Identification of opportunity :-

Before starting any enterprise individual should search for good opportunities or any idea. Idea can be own or by friends, relatives etc. Basically a need of someone becomes opportunity for a entrepreneur. This need entrepreneur has to address by his innovative skill, creativity etc. Consumer or customers or end users are best source of idea.

2) Evaluation of opportunity:-

After identifying the opportunity individual has to evaluate or asses the idea or opportunity in terms of its length, span, profit generation, expenditure etc. To do this individual can use SWOT analysis that is nothing but Strength, weakness, opportunity and Threat. First strength, weakness are internal factors and two opportunity & threat are external factors. Individual has to do overall assessment of particular idea or opportunity considering above factors.

3) Developing Business plan:-

After selecting the specific idea, individual should start business planning

which includes, Title of the project, location, permission required, staffing & organizing, resource arrangement etc.

4) Determination & Organizing the resources:-

Individual should list out the raw materials required for production of goods, machines, measurement instrument required etc. He should check about the suppliers of raw materials, alternative suppliers etc.

Calculation of raw material required is very most important, wrong calculation leads to shortage of materials in between or the end which causes more expenditure or loss to the enterprise.

5) Management of Enterprise:-

After establishment of organization, he should look for smooth run of organization which needs management function, which include planning, organizing, staffing, directing and controlling. Entrepreneur has to take care of these things once it is set up.

Barriers in Entrepreneurship:-

Main barriers in the entrepreneurship as follows.

- 1) Lack of capital
- 2) Lack of technical knowledge
- 3) Labour problem
- 4) Competition
- 5) Entry of foreign goods
- 6) Government policies
- 7) Risk

The major barrier in the entrepreneurship is investment, Capital fund is required to start any organisation, individual (many) lack this facility hence this itself become a barrier to start enterprise.

In modern days now this is not considered as barrier because many financer are ready to finance if idea is prominent.

Competition is one of the barrier to start enterprise, similar products will come or appear in the market soon after introduction, hence it requires updation. Entry of foreign goods create problem to the local producer as people are crazy behind the brands.

Changing government policies creates so much problems to the individual, that also acts as a barrier.

Above all starting any enterprise or new business is leads to risk. & common man want operate safely hence they do not want to take risk.

Invention & Creativity :-

Invention is the process of intentional change made to create a value by meeting opportunity & seeking advantage.

Innovation is the ability to apply creative solution to those problems & opportunities in order to enhance people's live or to enrich society.

Innovation should be based on future disruptive projection and not on existing assumption.

Steps in Innovation :-

1) Customer need is the food for factory growth.

Need of customer → leads to business.

2) Create a pipeline of promising idea.

G.D., Brainstorming, ethnographic approach

3) Pilot experimentation & validation

Expt, Verify, Revision & feedback

4) Commercialization (Launch & ramp up)

1) price, 2) products, 3) promotion
4) process, 5) people

5) Improvement cycle

Agility & Stability = Success

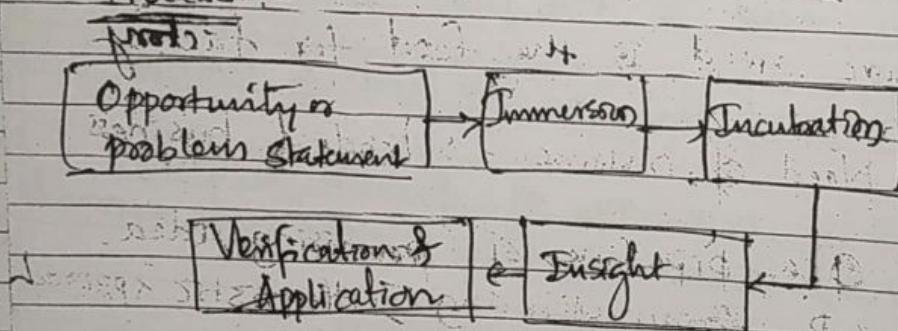
Creativity:

Creativity is the ability to come up with new ideas & to identify new & different ways of looking at a problem & opportunity.

Types of creativity:

- 1) Primary creativity :- deals with Spontaneous Creativeness
- 2) Secondary :- deals with more deliberate & skilled
- 3) Technical :- deals with improvement in a process
- 4) Inventive :- deals with new combination of models
- 5) Emergentive :- deals with revolutionary perspectives.

Process :-



Creativity → Thinking new things

Innovation → Doing new things

Entrepreneurship → Creating a value in a market place

Creativity Techniques:

- 1) Brain storming 2) Heuristic approach

Q) Brain Storming :-

Process of idea generation. Idea may be problem oriented or solving problem.

Types:- Structural & Unstructured.

1) Structural :-

Scents P.D.W. 2020-2021 (09/11)

Whiteboard discussion notes in class

2) Heuristics :- Artificial Intelligence

Problem Solving tool, Standard filter challenging, known routine problems.

1) Guess & Check

2) Work Backwards

3) Make Systematic List

4) Draw a Model

3) Synthetic Approach :- Combining more than one element & creating something known to unknown & hypothetical to conclusion

• Sources of Idea Generation :-

1) Environmental Scanning:-

Gather information, Analyse, Magazines, Trade publications, Government R & D, Journal, books, Seminar, friend etc.

2) Creativity :- Two or more ideas combined in new way, Create innovative associations, look at new angle, approach.

3) Brainstorming :- Gen of ideas to solve problem

One idea lead to another idea.

An idea can change your life

4) Focus Group :- Group of people, one acts as a moderator & interacts through discussion.

5) Market Research :- Supply & demand of products between the R&D hence Gap

IPR :- Intellectual property Right

Intellectual property is a property that arise from the human intellect. It is a product of human creation.

World Intellectual property organization (WIPO) has recognised some of these areas in which intellectual property right can be sought.

WIPO promotes & protects the intellectual property throughout the world.

- 1) Innovations / Inventions (like Science & Tech, agriculture, medicine, broadcast etc.)
- 2) Achievements in literature, performing arts like music, drama, painting.

- 3) Industrial designs, Computer Software, web design of integrated circuits.

- 4) Trade marks, Service marks & Commercial names.

Various forms of intellectual properties are:

1) Patents

2) Copyrights

3) Trademarks

4) Industrial design

5) Geographical Indication

6) Layout design of I.C.

7) Plant Variety protection

INTELLECTUAL PROPERTY is a product of creative and inventive activity of human mind. Intellectual Property is akin to any other movable or immovable property. In the sense, the right to its use is vested with the owner or its transferee and if the right is enjoyed by any other person without the permission of the owner of the property, it would amount to infringement. The owner of such an intellectual property can make use of the property for commercial exploitation and also prohibit infringement by others. World Intellectual Property Organization (WIPO) has recognised some of these areas in which "Intellectual Property Rights" can be sought:

1. Innovations / inventions in science, technology, agriculture, medicine
2. Achievements in literature, performing arts like music, drama, painting
3. Industrial designs, computer software, design of integrated circuits
4. Trademarks, service marks and commercial names



Intellectual Property Rights entitles the owner with the rights for commercial exploitation of these properties without any fear of unfair competition or infringement.

Protection of Intellectual Property Rights (IPR) plays a key role in gaining an advantageous position in these days of competition for technology advancement and consequent economic growth. Information on various technological advancements should be disseminated to the users of technology to increase the pace of development in the country. Thus, a culture, to make aware of development of technology to pertinent users, is essential. This has become more pronounced in the present day global economy with so many international agreements and obligations in the fields of IPR in the WTO regime.

VARIOUS FORMS OF INTELLECTUAL PROPERTIES

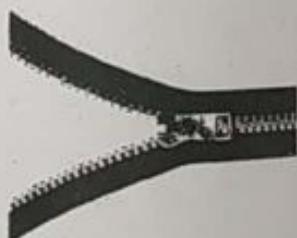
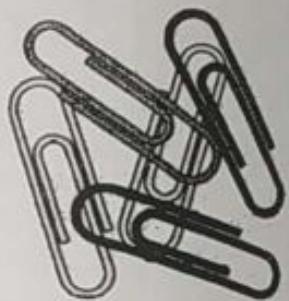
1. Patents
2. Copyrights
3. Trademarks
4. Industrial design
5. Geographical indications
6. Layout design of integrated circuits
7. Plant variety protection

1. Patents: Patent is an exclusive right granted by a country to the owner of an innovation (a product or a process) to make, use, manufacture and market the invention, provided the innovation satisfies certain minimum criteria - like having

novelty, inventive step and industrial application. A product or process is considered novel if it is not known to the public through publications or in prior use anywhere in the world. Inventive step means that it involves technical advance as compared to

existing knowledge or having economic significance or both and that it makes the invention not obvious to a person skilled in the field of this specific invention. Industrial application means that the invention is capable of being made or used in the industry. Some of the examples are paper clip, electric bulb, post-it note, band aid etc.

2. Copyrights: Copyright is a right granted to the owner for creating an original literary or dramatic or musical or artistic work. Cinematographic films including sound track and video films and recordings on discs, tapes etc are also covered by copyrights. Computer programs and software are covered under literary works and are protected in India under





copyrights. The rights include reproduction in any form, circulation among public, performance or communication to public, making cinematographic film or sound recording of the work, translation or adaptation of the work to any other form etc. Most of the books, novels, movies are copyrighted.

3. Trademarks : Trademark is a distinctive sign, which identifies certain goods or services as those produced or provided by a specific person or enterprise. Trademarks may be expressed as words, letters, and numerals or their combinations and may also consist of drawings, symbols, two / three dimensional signs or colours, used as distinguishing feature.



Trademark rights may be used to prevent others from using a confusingly similar mark, but not to prevent others from making the same goods or from selling the same goods or services under a clearly different mark. Some of the most popular trademarks are logos of Microsoft Corporation, Coca-cola, Cell phone manufacturers, products of Unilever, Tata, Reliance Group (detergent, soap and other cosmetic products) etc



4. Industrial Design: Industrial Design means the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article by any industrial or manual process or means and which are judged solely by the perception of the eye. The object of



design registration is to see that the artisan, creator or originator of a design is not deprived of his bonafide reward by others applying it to their product. Different types of liquor / beverage / shampoo bottles, various shapes of pottery, ceramic, furniture products etc are some examples of industrial design.



5. Geographical Indications:

Geographical Indications (GI) means an indication which identifies certain agricultural or natural or manufactured goods as originating or



manufactured in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristics of such goods is essentially attributable to its geographical origin. GI prevents unauthorized use of a registered geographical indication by others, helps in boosting exports and promotes economic prosperity of producers of goods produced in a geographical territory. Most common examples of GI are Mysore Silk, Mysore Sandal, Bidri-ware, Channapatna Toys, Basmati Rice, Darjeeling Tea, Kanchipuram Silk Saree etc



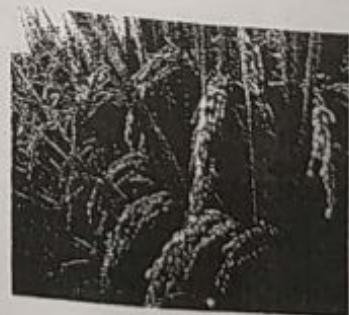
6. IC Layout Design :

Layout Design of Integrated Circuit includes a layout of transistors and other circuitry elements and includes lead wires connecting such elements and expressed in any manner in a semiconductor integrated circuit (IC), designed to perform an electronic circuitry function.



7. Plant Variety Protection:

Plant Variety Protection and Farmer's Rights (PVPFR) is a system for protection of plant varieties, the rights of farmers and plant breeders and to encourage the development of new varieties of plants. Criteria for protection a new plant variety are novelty distinctiveness, uniformity, stability, and appropriate denomination (generic designation). Novelty means the variety is new i.e., not sold or disposed for exploitation at the time of application, distinctiveness means it is distinguishable by at least one characteristic, uniformity refers to being sufficiently uniform in its essential characteristics and stability indicates that its essential characteristics remain unchanged after repeated propagation.



Small scale industries is converted in to MSME in the year 2007 by government of India. MSME stands for Micro, Small, & Medium Enterprises. This MSME is classified or defined as follows.

Government of India distinguished enterprises in the manufacturing and service sector. The individuals are classified based on the above said factors. Enterprises are classified based on the investment involved in starting the enterprises.

Manufacturing Sector

Service Sector

Micro	Investment upto 25 lakh	Investment upto 10 lakh
Small	Investment from 25 lakh to 5 crore	Investment from 10 lakh to 2 crore
Medium	Investment from 5 crore to 10 crore	Investment from 2 crore to 5 crore.

Investment includes plant equipment, machinery or any other device excluding land, building or other infrastructure.

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Business Environment in India:-

For any business, environment has to be checked and it should be conducive to start any business venture. An entrepreneur has to scan the environment for his business venture. Following are the business environment factors which are very much essentials because based on those factors business success & failure depends.

1) Poor formation of Capital Investment:-

Finance is the vital factor which plays important role in starting business. Lack of capital investment leads to ^{lack of} initiation in any business venture.

2) Low Income level :- per capita income is less in nation hence majority people will not get courage to start venture.

3) Low Technology :- Technology upgradation is necessary for improvement. But old technology made process slow & sluggish.

4) Labour problem:- Lack of skilled and semi skilled labour. Labour are illiterate and uneducated is the problem to start or use of high technology.

5) Lack of Diversification:- Entrepreneur has to think about other products which gives benefits to the organisation. Diversification of products are required

6) UnderUtilization of capacity:- Underutilization of capacity of plant leads to increase in cost of production and leads to low profit or loss.

7) Government Interference:- Government has to provide easy facility to start business so people come forward and start business. Due to government policies like taking license to start any venture demotivates the people, in order to get license awareness is required & Customer Care Centre has to provide. Need to address corruption problems, delay in sanctioning the files etc.

8) Finance & Marketing:- Due to competition there is no buyers in the market. Very few institute provides Capital investment assistance. These things has to be addressed.

Characteristics of MSME:-

- ① Low Capital investment is required & less people are needed.
- ② Generally owned by an individual or at most two people.
- ③ Generally these are family owned business industries.
- ④ It is funded by owners' savings or short term loans.
- ⑤ Workers are not well recognised and do different work as need arises.
- ⑥ These industries face very tough competition.
- ⑦ Chances of very early closure.
- ⑧ Innovation and Risk are very high.
- ⑨ Very few will grow as medium scale industries.
- ⑩ Uses the locally available resources.

Advantages of MSME:-

- ① It provides the employment opportunity very rapidly at low investment. It Share around 90% of employment opportunity.
- ② It contributes 45% of product manufacturing.
- ③ It contributes around 40% of export business.
- ④ It enhances the standard of living.
- ⑤ It generates the revenue in the form of Sale tax, General tax, Import duties, Excise duties etc.
- ⑥ It utilises the locally & naturally available resources.
- ⑦ It develops the rural and underdeveloped areas.
- ⑧ It balances the geographical area in terms of employment, resources etc.
- ⑨ It mobilizes the available resources.
- ⑩ It helps the ^{Overall} Countries development.

Liberalisation, Privatisation & Globalisation (LPG)

India faced economic crisis in the year 1991. To develop the ~~conventional~~ economy, Status of nation government has introduced new policies in the name of LPG. This is started by Prime minister P.V. Narasimha Rao for economic reformation of Country. This particular policy helped India to achieve new heights in economic sector.

Liberalization:-

It means removal of entry & growth restrictions on the private sector enterprises.

Objectives:-

- 1) Encouraging the industries to invest in new venture.
- 2) Removing unnecessary restriction.
- 3) Encouraging to use latest technology.

Economic reformation took place in following areas.

- 1) Industrial Sector Reform :
 - 1) Abolishment of industry license
 - 2) Decrease in role of public sector.
- 2) Financial " :-
 - 1) Role of RBI changed from regulator to facilitator
 - 2) Result of this is many private banks.
- 3) Tax "
 - 1) Reduction in Tax
 - 2) Reform of indirect tax.
 - 3) Simplification process.
- 4) Foreign "
 - 1) Devaluation of Rupee
 - 2) Market determination of exchange.
- 5) Trade & Investment "
 - 1) Trade restriction removed
 - 2) Import & Export restriction removed.

Privatisation :-

Privatisation means transfer of ownership, management and control of public sector enterprises to the enterprises in the private sector.

Objectives :-

- 1) To improve the financial condition of government
- 2) Raising govt funds through de-investment.
- 3) Reducing the work load of Government.
- 4) Providing better goods & service to the consumers.

Some public sector organizations :-

1) IOCL → Indian Oil Corporation Limited

2) SAIL → Steel Authority of India Ltd.

3) BHEL → Bharat Heavy Electrical Ltd.

4) MTNL → Mahanagar Telephone Nigam Ltd.

5) BSNL → Bharat Sanchar Nigam Ltd.

6) AAI → Airport Authority of India.

Because of privatisation many players come in to the business market hence it leads to competition due to that customer started getting good products & service at least cost.

Globalisation:-

Globalisation is the outcome of policies of liberalisation & privatisation.

Globalisation mean opening up of economy for the world market by attracting international companies.

"Globalisation integrates the national economy with world economy through removal of barriers on international trade and capital movements".

India has started exporting its products and service to the other nation due to this globalisation ~~policy~~ policy. It started exporting Steel, Pharma products, and IT sector along with BPO.

Globalisation has its advantages as well disadvantages. But due to introduction of globalisation following changes took place.

- 1) High technology introduced.
- 2) Foreign Technology agreement
- 3) Investment limit increased.

Institutional Support:-

Government of India has started many institutions to support the young entrepreneurs to start the new ventures, enterprises, industries.

These small scale industries helps the country in the form of employment opportunities, manufacture opp, export etc hence its the duty of government to extend the help to this sector.

These institutes are classified as follows.

1) All India Institute 2) State level Institute

3) Fund based Institute.

These above institutes are Subclassified as follows.

- | | | |
|-----------------------|-------------------------|--------------|
| ① All India Institute | ② State level Institute | ③ Fund Based |
| ④ NABARD | ⑤ KSGIDC ✓ | ⑥ PDBI |
| ⑦ NSIC ✓ | ⑧ TECSONK ✓ | ⑨ SLOBI |
| ⑩ DSSI | ⑪ DIC | ⑫ KSFSC |
| ⑬ SIDDO | ⑭ KIADB | |

① NSIC :- National Small Industries Corporation:-

This is national level institute, govt of India has started this institute.

The main objectives of this institute is to promote and develop the small, village and cotton industries.

- ① It provides the machinery / equipment on hire basis.
- ② It also provides the raw materials required.
- ③ It assist in the marketing and exporting the goods produced.
- ④ *It enlist the entrepreneurs to provide tender participation.
- ⑤ *It provides the training to the individuals.
- ⑥ *Assistance in the modernisation of units.

② KSSIDC :- Karnataka State Small Industrial Development Corporation

SSIDC were started in the year 1956.

It is started in all the states of India. To promote the rural, village, cotton industries.

(7.3)

(61)

different State SSI DC gives different importance based on the availability of raw material, skilled available etc. Functions of KSSIDC are as follows.

- ① It provides the equipment / machinery on the rent basis.
- ② It organizes / arranges the raw material, resources required.
- ③ It helps in the marketing and export business.
- ④ *It provides industrial estate / sheds, infrastructure, basic infrastructure, amenities etc.
- ⑤ *It helps in Capital Seed investment.
- ⑥ *Providing management assistance to production units.

③ TECSOK :- Technical Consultancy Service Organization of Karnataka

TECSOK is a multidisciplinary consultancy organization. It is one roof consultancy all the helps or support will be available under one ~~one~~ building.

- 1) It does the market research to help the potential entrepreneurs.
- 2) It evaluate the project & assets.
- 3) It does the management & energy audit.
- 4) TECSOK prepares feasibility survey.
- 5) It also provides environmental impact study.
- 6) It provides advice to handle manpower.
- 7) It identify sick units and helps for rehabilitation of the units.

④ SIDBI :- Small industries development bank of India:

There was a demand from the small scale industries for financial support, govt of india passed the SIDBI bill in the year 1989 and it started in the year 1990. The main objectives of SIDBI is to give financial and non financial support to the small scale sector, earlier it was restricted only to the large scale sector. Earlier SIDBI was involved only in refinancing the business. Now it is started working in the equity type of loans, working capital, direct and direct ~~less~~ financing. It also helps in the technical upgradation of industries, diversification of products etc.

⑤ KSFC :- Karnataka State Finance Corporation:-

It is started in the year 1951.
Initially it started in the 18 states, now
its working all @ the states of India.
The basic objectives/functions of KSFC are
as follows.

- 1) It provides Capital investment to start the any new venture/enterprises.
- 2) It provides financial support to the women, physically handicapped, SC/ST category people to make them self employed.
- 3) It gives term loans to purchase any equipment, land, buildings, machinery etc.
- 4) It helps the sick units.
- 5) It gives financial assistance to the institute which gives awareness of entrepreneurship.
- 6) It provides EDP.
- 7) It helps the import and export business organization.
- 8) It provides the financial assistance to the transport vehicle and tourism.

1) Observation :-

2) Trade & Magazine & Journal :

3) Government R&D Bulletins

4) Exhibition & Expo:

5) Customer Inputs :

6) Distribution Channel :

7) Friends & Colleagues :

8) Relatives & Competitors

The above ways are self explanatory
and can be explained in two or three
sentences.

Project Selection:-

The project selection process begins where project identification ends. The identified projects has to be checked in the light of existing economic conditions, government policy, technology required, skill required etc.

Hence to select the project an individual or entrepreneur has to make use of "SWOT" tool which is nothing but strength, weakness, opportunity & threats related to the individual or enterprise.

An individual should make a list of his strength Capital, technology available, labour, skill etc, then need to think of weakness area & those weakness should be addressed.

Entrepreneur should also think on opportunities available along with the project, products, by-products, shares, market, incentives etc.

Threats like competition, foreign good, govt regulation, technical obsolescence etc has to be considered.

Individual should consider following points also while selecting the projects.

① Technology :- The technology should be available indigenously to start enterprise easily. Foreign technology makes project costly and delay.

② Equipment :- Knowledge related to equipment is required to use it effectively. Suppliers & alternative equipment has to be considered.

③ Location :- Choosing a location for any enterprise ~~is~~ play vital role. Location should be very near to the raw material available or near to the market which reduces the transportation cost. Also individual should think of government notified area in order to avail the benefit or concessions or incentives from the government.

④ Investment :- Approximate estimation has to be done considering Capital investment, working investment, Marketing investment etc. Wrong estimations of investment leads to shortage of funds in the middle or towards the end of project which poses some problems.

Project Report :- Need & Significance

Project report is written document pertaining to any investment proposal. It consists relevant data related to project which covers course of actions to be carried out. It plays very important role in order to carrying out any project work. Which tells about the input utilization, process, cost and off to be obtained.

Essentially project report serves following functions.

1) It serve as a road map (blue print) for particular project to carry out work efficiently.

2) A well project report attracts the investor, lenders financial institutions which gives value to the project.

3) It helps entrepreneurs to determine the viability of the venture.

Project report is mainly required to those entrepreneurs seeking financial benefits from the financial institutions.

Contents of project Report :-

A project report should contain all the relevant data related to project those are as follows.

1) Promoters Details :-

It should consist name, address, qualification, experience of the promoter (entrepreneur).

2) Product details :- It provides details related to product manufacturing / service rendering.

3) Location :- Exact location / Site to be presented, Site own/lease, dimension or size has to be mentioned along with the advantages of Site / location.

4) Technology :- Required technology, its availability, Supplier, Cost etc has to be mentioned.

5) Equipment :- Equipment / machinery required, its rating, quantity, suppliers, alternate suppliers details has to be given in the report.

⑥ Process :- Production process, chart, methods etc has to be presented in detail.

⑦ Product :- Product off, by product, product mix, product quality has to be mentioned.

⑧ Raw Materials :- Raw material required, quantity, quality, suppliers, alternative suppliers, cost etc has to be presented in the report.

⑨ Man Power :- Number of workers required, Skilled, Semiskilled, labours, training etc details has to be given in the report.

⑩ Market :- Target users, distribution channels, selling price, trade practices, sales promotion are to be included.

⑪ Economic Analysis :- Profits, ROI, market share are made & included.

⑫ Capital & working Capital :- Costs of all items including capital, source of capital, nature etc are to be provided.

Business plan :-

Need of business plan:-

For any project, programme, task planning is very essential to get success. Planning provides answers for various questions like what, when, whom, why, how etc hence individual get idea about future course of action & it leads to success.

Similarly business plan play vital role in setting up & running the business smoothly. It gives various information to the individual before starting business by considering those informations if individual sets the business then there is very less chance of failure.

"Failing to plan is planning to fail"

Anatomy of business plan:-

Any business plan should consist following parts

- i) Executive Summary ii) Business description
- iii) Business Environment iv) Feasibility Study.

① Executive Summary :-

It is a summary of business plan. It should consist key words related to the business. It tells about the company & product. It gives information about the individual (owner) who you are? what your company is? What are your objectives? Where you want to go? (vision) etc.

This above details can be put in following points

- ① Biodata of promoter : Name, Address, qualification, etc.
- ② Industry profile : past performance, present status, its advantages etc
- ③ Constitution & organization :
Organization structure, partnership firms, registration, application for getting registration certificate from DIC.
- ④ Mission Statement.
- ⑤ Company information
- ⑥ products & service
- ⑦ Financial Information

② Business Description :-

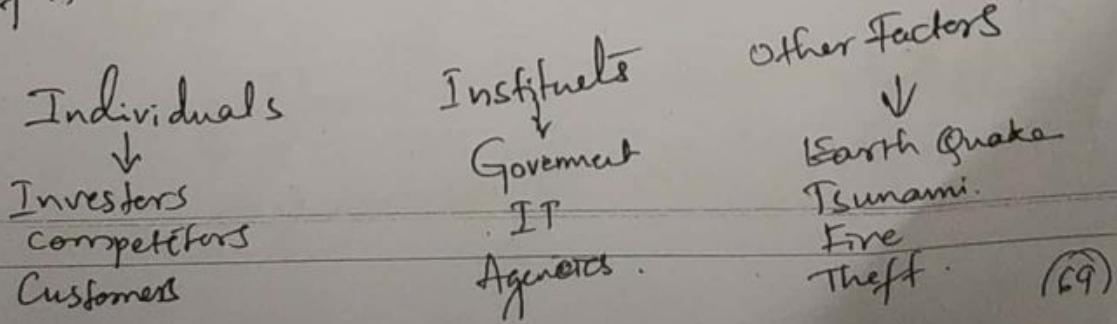
It should start with a few sentences that give a capsule view of the company, its product and its position in the industry in which it competes.

It should cover type of business structure, Corporation, partnership etc.

Information about the product & services sold by the company, potential customer, supply and distribution channel.

③ Business Environment :-

"The sum ~~of~~ total of all individuals, institutions & other forces that are outside the control of a business enterprise but the business still depends upon them as they affect the overall performance & sustainability of the business".



The forces which constitute the business environment are its suppliers, competitors, consumer groups, media, government, customers, economic conditions, market conditions, investors, technologies, trends, & multiple other institutions working externally of a business constitute its business environment. These forces influence the business even though they are outside the business boundaries.

Examples :-

Reliance Jio → 5/GB changed the communication business.

GST → Gross Service Tax changed the market.

~~Just deal app~~ → As per the requirement of customer business has to be updated.

⑦ Feasibility Study: or Background Information

- 1) Market feasibility study
- 2) Technical feasibility study
- 3) Financial feasibility study
- 4) Social feasibility study.

Before starting any business or any project, enterprise an entrepreneur has to study feasibility of market, technical financial & social. Most of these feasibility studies we have discussed already in previous units.

In this we will discuss only about social feasibility study which includes

① Location: Location is in such a place that it should not have objection from neighbours.

② Social problem? The enterprise should not create any nuisance to the public.

③ Pollution :-

There should not have any sort of noise or other pollution objectionable Society. Suitable measures are to be taken for controlling pollution.

④ Other problem :-

Any other problems related to the society si people are to be studied.

Venture Capital - VC

Meaning:- Venture Capital is a type of private equity, a form of financing that is provided by firms to small, early stage, emerging firms that are deemed to have high growth potential.

Features of VC :-

- 1) New business investment.
- 2) High financial risk
- 3) Continue involvement
- 4) The objectives is not to get interest, rather want to Capital gain.
- 5) They are not creditor, become partner.

Advantages :-

- 1) They provide equity type finance to the new business.
- 2) They attract new ventures.
- 3) Provides economic growth to the country.
- 4) Promote innovative ideas.

Disadvantages :-

- (1) High risk
- (2) Become partner
- (3) Complex process.

Types / Stages in venture Capital

- (1) Early stage
- (2) Expansion stage
- (3) Buyout stage.

In first type / stage, for potential ideas these VC will provide the finance to start the work it is also called Seed Capital. Generally for start up this finance will be used.

In second stage (expansion stage)

After growing the Start up (Venture), these people will finance for starting new project, product or expansion of branch, is called expansion stage.

In third stage, a particular individual who is already started and grown his business and now interested to buy some other project or business which is already exist in the market. Then Venture Capital will finance to buy that business is called Buyout stage.

Process involved in VC :-

- ① Deal origination
- ② Screening
- ③ Evaluating
- ④ Deal negotiation
- ⑤ Post investment activity
- ⑥ Exit plan.

Deal origination is usually done by referral system, here some known person who know the both parties will arrange for meeting is called deal origination.

After deal origination venture capitalist screen the idea (potential) by conducting face to face interaction.

(72)

If the idea is sound one (good) then
VC evaluate the plan in terms of marketing,
investment, potential growth, customer etc
then based on the result they will finance.

After evaluation, negotiations takes
place between an individual & VC in order
to investment, shares, partnership etc.

Once the investment is done then
VC will be involved in the business &
they will assist the individual for management
& technical assistance.

After sufficient growth of the
firm or company, VC will plan to exit the
company by selling the shares to the
individual or some other parties and they
will leave the company.

Venture Capitals India:

In india many venture capital companies are existing to finance, promote, develop new, innovative ideas, start up, business etc.

Government as well as private companies are existing to finance the various ideas. Examples are 1) SBI 2) ICICI 3) IDB

Some other VC

1) ACCEL partners

Start up funded: flipkart, Myntra, Book my show.

2) Canaan partners
(Canaan)

Start up funded: Naaptol, Bharat Matrimony, Happiest mind etc

3) Zodius Capital:

Start up funded: Bigbasket, Culture machine.

4) Sequoia Capital India:

Start up funded: Just dial, bank bazaar etc.